

Audit and Finance Committee Meeting Transcript – 06/16/2021

Title: City of Austin

Channel: 6 - COAUS

Recorded On: 6/16/2021 6:00:00 AM

Original Air Date: 6/16/2021

Transcript Generated by SnapStream

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[9:36:13 AM]

>> Chair: Good morning everyone. It's 9:30 on June 16th. I'm Allison alter. I'm the chair's audit and finance committee. I will call us to order. Present on the virtual da will is, vice chair pool, vice chairs tovo and Kelly. I'm not sure when the mayor is joining us or not. We have one citizen communication speaker this morning. Is Ms. Joseph on the line? >> Chair, she is -- >> Chair: Ms. Joseph, you have three minutes. Good morning. >> Good morning, chair alter and members. I'm za November I can't Joseph. My comments are specifically related to item 4. That's the environmental commission by-laws amendment. I just wanted to object to that and ask you, instead of amending their by-laws to remove the committees that you actually

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include a title 6 urban growth policy water quality and environmental justice committee. That would be a standing committee that would have discussion and possible action. My comments are germane because we have seven days remaining for the preparation of an environmental impact statement for the capital metro Orange line project in Austin, Texas. So if anyone is listening, they can go to the federal register and submit a formal comment. I think it's important for you to understand as you've heard me speak about benzene before. Specifically in the area at fm 969 and U.S. 183. I have a specific example where that area is actually zoned industrial, but when the planning commission reviewed that particular item, it simply went on consent and I've had just -- I think it was councilmember pool that just mentioned the links. I've had a time when Andrew Rivera and trying to make

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comments on these cases as recent as last night before zoning and platting. It is important for the public to be able to make comments on these benzene Zones and the environmental impacts largely in the minority communities. I want to call your attention to a book by a professor from Texas southern university, Robert Bullard. It's called the wrong complexions for protection. It actually talks about how the government responds to disaster and endangers African American communities. I also want to call your attention to -- there's a map online representatives Zia Wiener, didn't mean to mispronounce her name. It's talking about the need for Texas commission on environmental quality, they have an environmental justice arm as well. Lastly, I'll just call your attention to the fact that 80% area median income is the new red lining. West of loop 1, you don't have

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as many issues as we have in east Austin and I will just call your to your attention that these bus routes, as well as project connect, they all are running in tandem. And so I just want to call your attention to January 9, 2017, when you first testified before capital metro, that bus that your son relies on over there by owe Henry middle school, lake Austin boulevard runs to the east side, but it's 0.8 miles away from the area I described, fm 969 and 183. I want you to understand from a personal perspective that this is institutional racism and systemic equity at its best and I would ask you to oppose or to at least table the item and discuss why it's important not to have this as a -- just a committee with updates. Because it disenfranchises the community. We're not really able to make any comments when it's just a

[9:40:19 AM]

committee that gives up states periodically, environmental impact statements is integral to project connect and whether the federal government actually gifts the city of Austin 45% of the \$7.1 billion funding. If you have any questions, I'll gladly answer them at this time. Thank you for allowing me to make my comments >> Chair: Thank you for joining us this morning, Ms. Joseph. I understand that councilmember Fuentes, needs to be moved over. >> You're welcome. >> Chair: Great. Thank you. The first item of business is the minutes from the may 26th meeting. Can I have a motion to approve the minutes from councilmember Kelly moves. Councilmember Tovo seconds. Is there no objections, those minutes will pass. Thank you. We will now move to our second

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item. Which is discussing issues related to Austin Bergstrom land post enterprises, able and the financial information of the Hilton hotel at the airport. This builds off our conversation in may at the afc meeting. Staff is returning today to present the history of the Hilton at the airport, past financial profile and operations, past and current governance, impact of FAA restrictions and, you know, how we go forward with operational and structural alignment of the organization as a quasi governmental entity of the city. So miss Thomas, are you kicking us off or do we need to move someone over from the airport. >> Good morning councilmember. We should be moving someone over from the airport for that presentation. >> Chair: Great. Thank you.

[9:42:21 AM]

Should be over momentarily. Push. . Tracy Thompson and Thomas also needs to be moved over. He's a co-presenter. >> Chair, we can barely hear Tracy in chambers. I'm wondering if that's the same line y'all's in the broadcast. >> I was going to mention it was difficult to hear. >> Is this better if I speak up louder? Can you hear? >> Now it's better. >> I'll just project. >> Chair: Use your presentation voice. >> I will do that. If the committee is ready, we'll get started. We'll go through this presentation today. Rah jeed Thomas and I.

[9:43:23 AM]

We'll take any questions, of course, at the end. If you go to the next slide, please. So introducing myself again, I'm Tracy Thompson, I work for the city of Austin, department of aviation. I am the airport chief officer of administrative and external affairs, also the interim officer of development. Our capital development program. And I've been selected as the vnt of the able board of directors. With me is Raj I had Thomas. We have on the line our CEO. Jackie. So today, thank you chairman alter, that you talked about our last presentation. So today, we are going to try to provide you some information regarding our background, the structure and operations of able the able governance and a short slide of what's ahead.

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If there are other topics we don't cover today you would like us to present on, we'd be pleased to do so. That's what we're going to try to cover today. I'll give you a brief history of the facility itself and some of the demographic of the facility itself before I turn the mic over before I talk about the structure and the financial background. So for those of you who have been -- longer than I have, you'll know that the facility itself, the building was part of the Bergstrom air force base. Who knew at the time they had several different nicknames, including the little Pentagon and the doughnut. This is a unique structural facility. It wasn't the easiest facility to convert to a hotel. And it has underground bunkers and has some

other unique characteristics. But it is part of the legend and lore and fabric of the Austin airport and the city of Austin.

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Next slide, please. So title 2, all the improvements at the Bergstrom air force base, into the city when the city purchased the assets of the air force base and this facility became part of Austin airport operations, just as the runways and every -- all the other infrastructure and facilities that were located on the property. This slide right here is just a slide we would give to anybody interested in the real estate data. Specifically related to this property with its property name, address, land description, zoning classification. As you can see by this aerial, it is for those who don't know, it is located right at the front door entrance to the airport property. Next slide, please. So the year that the new hotel opened was 2001. That was after the conversion of

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this old headquarters of the air force base to a hotel. These are also the staff of the hotel. It's a relatively large hotel. It's 262 rooms. It is a full-service lodging facility. As we mentioned in our last presentation, this hotel serves not only for the traveling public that comes to and from the city of Austin through the airport, but it's also the facility. We have several -- the airport has -- the hotel has several crew contracts with major airlines to house their crews for their layovers in this facility. So next slide, please. So since the hotel opened in -- I'm going to say that over and over. The airport, I do mean the hotel. When the hotel opened in 2001, it was renovated to the hill country, rustic motif which was

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consistent with how we present ourselves here in the city of Austin. After 15-plus years, the property was looking tired. And so as part of the refinance, restructure of the bond in 2017, that will be talked about in a minute, we were able to get some renovation funds for the renovation program for refresh of the Hilton property. So as you can see here on the slide, \$11 million was spent on renovating all of the rooms and they're beautiful. So please come by any time and pleased to give you a tour of the renovated rooms. The meeting spaces, which is a big revenue generator for a hotel property were also renovated. These projects were started pre-covid. As a consequence, they were completed during 2020. As you can see here. The vacancy factor of the hotel actually facilitated in the scheduling of these renovations. So these renovation rs

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substantially complete and the property is in really good shape from a physical standpoint. Next slide, please. So that was a brief background on the stats of the actual physical structure and now I'll turn the mic over and we'll talk about the business structure. >> Good morning, councilmembers. I'm the chief of finance here at the airport. So the structure of the hotel, as you can see, it's a not for profit public facility corporation created in 1998 by the city of Austin and is authorized under chapter 303 of the Texas local government code. Able acts on behalf of the city of Austin. It was created to issue the tax in some forms in 1999 and also in 2017 the restructuring of those 1999 bonds. And to construct, improve the

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public facilities are there for its -- sort of the mandate if you want to call it that. In terms of the oversight of able -- provides financial services for able. Able does all their accounting themselves. The hotel accounting side of it. We at the airport deal with the flow of funds. All the grant payment related and just making sure that everything is in compliance with the trust indentures and the other documents related to able. And we also have a grant agreement that supports a bond payment from the aviation department when we did the restructuring that was part of what made the investment community comfortable with, you know, providing a -- you'll see, make the rating agencies also

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gave it a good rating based on the fact that the aviation department is supporting the bonds. The aviation department received ground lease payments at this 5% of total revenues. We also charge an administrative fee for some of the services that we do for able which is \$10,000 a month. And the operations of the hotel are subject to FAA regulations as Tracy mentioned. So just to give you a timeline of what happened through 2017 as Tracy mentioned before, able was created in 1998 and 1999 series A and B bonds were issued for 42 million.5. The interest rates were fairly high, especially the 1999 series B and almost a 10% interest rate and in 2001, the Austin airport Hilton opened. But in 2004, able defaulted on the 1999 debt service payment.

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And just, you know, asking some folks around, you know, what might have led to that, part of it was 9/11, kind of decreased the traffic flow for airline passengers and also at the hotel. In 2014, able began negotiations with the 199 bond fund, restructure the debt. But in 2015, the hotel did suffer some roof damage and the hvac system failed, creating some nontoxic ceiling mold. So if you remember, one of the first slides was the property side of the three stories and an additional story was added as a fourth

story. And that top atrium was covered and -- with that storm damage, it caused some mold issues. And in 2016, there was an agreement reached to restructure

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the 1999 bonds. And in 2017, those restructured bonds were -- \$45.6 million. Next slide, please. Sorry. I was looking at that other screen. My fault. Next slide. So the issuance on the 2017 bonds, as you can see, was \$45.6 million and 30 million of those were used to the fees and discharge the old bond holders. 4 million went to the remediation project. The aviation department fronted \$3 million to fix that hvac issue and then from the bond issuance, it was reimbursed back to the aviation department.

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And as Tracy mentioned, the capital projects were also included as part of the use of funds. That was \$13 million and those capital projects were part of an agreement we had with Hilton to live up to their standards, those Hilton standards at the time. So that was part of what they call their improvement plans that you're bringing the hotel up to guest standards. \$750,000 went into working capital. We funded the debt service reserve fund for \$3.9 million. There was a cost of issuance of \$1.4 million. Next slide, please. So as I mentioned before, the purpose of the bonds I've already kind of gone through. It was to fund the hvac replacement, the capital improvements and the debt service reserve fund.

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So there are two payments, annual payments we make. April 1st is an interest-only payment and October 1st, we make a principal and interest maim payment. The maturity of the bond is October 1st of 2036. Moody's gave it an a 3 rating. We have an a minus rating at S&P. Talking to moody's last week, they mentioned that the only reason why it has such a high rating is because of the backing of the airport. And they were very happy with the fact that we are doing everything to support able when they realized we are providing them with the operating loan and continuing to support them through the grant payments. They were happy that we were doing that and they said, without -- as a stand-alone credit, it would not receive that rating. Next slide, please.

[9:55:44 AM]

So the bonds are obligation of able to be paid from hotel revenues. So the grant agreement, as I mentioned before, it's basically what it does, it replenishes the debt service reserve fund. So for example, currently with the pandemic, you know, there's not been a -- in the debt service fund to make the bond payment. So the trustee is having to dip into the debt service reserve fund and then the airport replenishes that as we get notification from the bond trustee. And we have a ground lease, as I mentioned before, the right to occupy the airport land and the rental revenues come to the airport like I mentioned before that, about 5% of total revenues and then we have to -- the primary contracts for the hotel operations. One is the franchise agreement with Hilton. That expires December 31st of 2032. And, you know, we have to meet the branding and corporate standards of Hilton which I

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mentioned before. Led to the renovation of the hotel rooms and the meeting places. Also, we have the hotel management agreement with he is pair a. That expires in September 30, 2022. With renewals we have to come before the city council. Prospera,s does all the operational and financial programs for the hotel. As I mentioned before, the renewal extensions and future new hotel management agreements are subject to city council approval. Next slide, please. So I'm just going to go into the financial performance of the hotel from 2017 to 2021. So you can kind of see how it is performing. So the last three is before the pandemic, as you can see. The occupancy rates were about 80%. And the average daily room rate

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was about 135 to 140 as you can see from those tables. And the hotel had available rooms of about -- it ranged from 116 to 112 in those three years. But annual revenues were roughly about \$15 million. And then gross operating profits of a little over \$5 million. Back out extraordinary items, it was about \$4 million or an average basis for the three years before the pandemic. But the pandemic, obviously, from the numbers, you can see the occupancy rate plummeted to 33% in 2020. Our daily room rates were affected because there was just an oversupply of rooms. The revenues was about one-third of what it was before the pandemic of about 5 million and the hotel was operating aught a loss, as you can see from a gross profit basis and also on

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an eb it da basis. Now that the recovery started in March, we're starting to see some improving numbers. So we did an amended budget after the initial budget was approved once we saw the March and April actuals come through. 2021 calendar year, we'll get to about 53% occupancy with daily rate of about \$122 on the rooms. And we will make about \$7.7 million in revenues. Which is roughly about half

of what it was doing pre-pandemic. But expecting positive gross operating profit, but negative ebitda. Next slide, please. So compared to our set, it's mid

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priced hotels within the Austin area. As you can see for the first three years, 2017 through '19, post the restructuring, we were out-performing our competitive sets. 83% occupancy versus in the 70s for the competitive set and even, you know, you looked at the average daily rates, those were higher and obviously revenue for available rooms were higher than the comparative set. So the hotel was performing well compared to the mid priced hotels in the Austin area before the pandemic. And as you can see after the pandemic, you look at the 2020 actuals, you can see the occupancy rate actually dropped below that comparative set. Because the hotel is kind of dependent on the traffic through the airport. And especially, you know, we have like Tracy mentioned, airline crew contracts. So when they cut down their flights, the airline cut down

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their flights, obviously it affects those overnight stays by the crew. And also, folks that are traveling through the airport that book one nights just to catch the early morning flight, et cetera, all that gets affected. We didn't expect that to compared to other hotels around Austin, it would underperform based on the traffic at the airport. And for the budget, we are sort of forecasting it the same way as you can see. The occupancies are less than the mid priced hotels around Austin. But the average daily rate is meant to be a little higher because of the room renovations and what we feel like we can get a higher rate out of the quality of the rooms that are being offered. Next slide, please. So for the first four months that we have actuals for, as you can see, January occupancy

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levels by 22%, but as you can see, in March just picked up to over 50% now. You can see improvements across all the metrics. The average daily rates which are averaging pre-pandemic this year about 106 to 109 is now 110 and improving to \$122. You can see the revenues are also climbing back up. March and April, it has a positive. From an operational standpoint, it's in good shape in the sense that it can meet all the operational expenses, the operating revenues that it is generating. The last two months, when we compare to the -- that comparative set, it is outperforming that competitive set around the Austin area. That's also good news. Hopefully going forward. And next slide, please.

[10:02:55 AM]

So Tracy will pick up on the governance issues for able. >> Thank you, rahjeev. We wanted to talk about the history of the governance, the documents, as well as the structure. We'll start with the documents. As you councilmembers may recall, in April 22, 2021, the council approved the amended articles of incorporation. They had not been updated since they were first filed with the secretary of state in 1998. So they needed just a refresh update for those two major bullet points right there, update the registered agent and the authorized number of board members to match the by-laws. So the by-laws, the original by-laws were formed -- excuse me, were approved with the formation of able. And they've been amended once prior to increase the number of

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directors from three, which was the original number of directors, to five in February of 2001. Then just most recently, the June 3rd council meeting, there were -- was another update for an amended and restated by-laws. And now that we have no fewer than three and no more than seven, counting five board members, we have authority to go up to seven. The new by-laws, these are the primary changes. They designated specific positions within the department of aviation to be board members. And that there would be a full or part-time paid president, which was not included in the prior by-laws, explicitly. We believe the specific positions of aviation department members serve on this board because there are so many financial obligations of the department of aviation that are

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connected to able as well as the support services that we provide, we -- council agrees that having staff members of the department of aviation serve on that board is a really good checks and balances and a security for the department of aviation and the city of Austin on that purpose. So those were the two governance documents. The next slide, we'll talk a little bit about the board itself and its history. So next slide, please. So historically, the board of directors for this corporation included not only department of aviation staff but also other city employees and you can see the bullets there. It's been from the city of Austin in the past, treasurer, assistant city manager, cfo of the city and from the department of aviation, we've had our cfo, staff liaison, CEO and since

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2014, that was the year that the city engaged a public relations firm, a law firm and a restructuring consultant to assist the city with the restructure of the 1999 bond into the 2017 bond. So Harn I partners, the corporation was the restructure professional hired by the city for that purpose. Mr. Greg

milligan was an evp of that and was the professional on site. He also served on the board for -- from 2014 to 2020 as Mr. Milligan was instrumental professional in through that transition to 2017 bonds. He did transition off the board, though, in January of 2021. So in January of 2021, city council did approve the following directors. It includes myself and mookie Patel. Those are the two officer level positions that the by-laws

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designate will be on the board of directors. We also have from the department of aviation, Jennifer Williams. She's in our development team. So what you have from the department of aviation serving on this board is a front aviation staff, a lawyer business person, financial executive and a construction executive. So you have those three skill sets on the board of directors. We're pleased to say that we were able to get one of the partners in the litigation partners, Leslie Thorne and another board member, Mr. Decar owe, a specialist in restructuring and process management professional. So we believe that the board of directors for the able corporation is a combination of city staff as well as private volunteer citizens that are all professional and very well-qualified to take the hotel into the future. So we're real pleased and we appreciate the council approving

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this slate of board members. The president of able is Mr. Milligan. He's not a board member but he is the president. He does have an engagement agreement with the able corporation to serve as president and his engagement letter will be amended to specifically mirror or reflect the new requirements and the by-laws that limit presidential authorities and approval by the board. At the next able board meeting, his engagement letter will be amended to reflect the updated by-laws. Next slide, please. So before we talk -- let me go ahead and finish this last slide. We'll do the looking ahead. So as the city council requested and possibly this committee, I can't remember who suggested it specifically. But our plan is that the aviation department as the liaison for the able corporation will provide to city council

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quarterly updates right affable does its quarterly update for their financials, we'll present that information to city council or to this committee at the direction of council to talk about the financial updates, the financial results of the hotel and the council approve the loan. So that the city council always has information, whether that's a verbal briefing or a written memorandum that full council has information about the status, the financial status of the hotel. Rajeev mentioned we're excited about the recovery of this business at the airport property as the aviation department is itself, as the city is

opening back up, as the airport opens back up, our hotel operation, occupancy, revenue should improve. That's our last slide of our presentation. We're pleased, rajeev and I, and

[10:10:03 AM]

Jackie are pleased to answer any of your questions. Thank you. >> Chair: Thank you, colleagues, does anyone have any questions? Councilmember Fuentes. >> Fuentes: Thank you. Thank you, Tracy. Thank you for all of your presentations today. I love and appreciate that plan to provide quarterly updates to council and the financials of the hotel. I think that will go a long way. And thank you for walking us through the history of the financials from the hotel. That's helpful for me as someone -- as someone who has a similar district. I wanted to give a comment. Thank you. >> Chair: Councilmember -- >> Thanks. I wanted to thanks folks from able for giving us a good sense of the background and where we stand and where we're going. I have heard reports from avia

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that travelers are returning in droves. I understand getting through security is -- I mean, there's so many people there, that it's taking longer to get through security than it was pre-pandemic. Not too much different from days when we had a lot of people passing through Bergstrom airport. So I'm really pleased to see that. Thanks so much for the hard work you guys are doing. I also wanted to note that the trustees that you guys have, you mentioned that you have strong presence from law, finance and construction and contracting. That's the same sort of parallel sort of structure that we're looking for, for the other local government lgc corporation that we have, ace. I just wanted to offer an update for staff and for the dais here. I had recent conversations with the city manager, they've been ongoing about appointing the new trustees to ace.

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And that would also parallel kind of the makeup of the trustee expertise at able. We'll be looking for the manager to send to audit and finance a recommendation for nomination by the council someone from staff with a background in legal. So hopefully somebody from the law department, someone with financial background. We have someone already on the trustees that has a financial and construction background. We have somebody with good financial background and we have an attorney also in private practice. So I think with regard to ace, we will have that group rounded out and while I know that is not directly germane to this able item, I did want to make note that hopefully we will have those names for our July audit and finance agenda. And then we can pass those nominations up for approval to

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the full council. Just thanks again to Tracy and to Reggie for being here today and making this presentation. >> Thank you. >> Chair: Thank you, councilmember pool. We'll add the ace appointments as a tentative agenda item and hopefully staff can get those to us. Miss Thompson, did you have something you wanted to add? It looked like you raised your hand before you went off. >> I apologize. I was waving goodbye. >> Chair: Great. Thank you. Any other questions for the airport folks on able? Great. Thank you. I appreciate the transparency and helping us to make sure that we are understanding some of the evolution and the impact of the pandemic. Councilmember tovo, did you have a question? >> Tovo: I do, thanks. >> Chair: I have you also on my tone. I had to step away.

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>> Tovo: I have a question about -- it's a general question. No need to bring it up unless you'd like to. >> I'm sorry. I didn't hear that question. >> Tovo: I have a question about slide 15. Related to slide 15 of your presentation, please. >> Okay. >> Tovo: Would you mind bring it up again please. >> It's coming you said page 515. >> Yes. Thank you very much. This is in reference to the occupancy I know the slide talked about these occupancy levels prepandemic were comparable to other similar

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moderately priced hotels, how--what is--how are you defining competitive set. Is competitive set hotels near the airport? Is it a national measure? >> No it is just Austin area priced hotels I can send you a sample list what that looks like for example, one is the crown plaza. The one that you know the covid patients were housed in >> Right. >> Those occupancy level looked high compared to other hotels. I don't have the tphaefpls but I can find the names. >> It's a more general question how that is defined and whether it is geographically specific. I would--I would be interested in a comparison. I know there are just a couple of hotels in that area I would

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be interested in knowing how our Hilton Austin compares to other airport hotels here in Austin or nationally. I don't know whether 83ish and the 8083ish I would be interested in knowing your thoughts on that. It is an interesting facility as you outlined it is the most convenience hotel to those staying at

the airport other cities I know those are usually pretty hard thoughts to get I would have expected just as a general audience member I expect it to stay full nearly all the time. That is kind of the substance

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of my question. >> I understand and get the information for you. >> Thank you. What is your gut feeling at this point. Based on your knowledge of hotels airport hotels in other cities? It depends on the set of locally convenient hotels on airport hotels depends on seasons of course, the 83% numbers is average of the higher year etcetera etcetera you know you'll that. I would say that 85 to 95% is about right for those hotels, so much depends on what the crews are doing whether they are going downtown or staying downtown has to do with the airport occupancy levels I know able worked hard you know to secure those contracts but what we will do is get that update

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for you give it some flavor behind the data what is driving the variance on those numbers as you know there are a lot of hotels coming up around the airport the Hilton hotel is working hard to capture the market share with new hotels around the Austin area. They are working hard on the market topgt. We will get you that data and some of the flavor of that data so it's not just a bunch of numbers. >> That is great. I would be interested I apologize I don't know the answer to this. It's been a long time since I have been at the airport usually when I'm there at the leg of it. I'm hoping to blast my way on home. I'm not familiar with the recent advertising are you doing in the airport to visitors just landing I would

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be interested in that question what kind of advertising currently exists and how to expand that for the visitors who are landing. >> Thank you very much. You are reading my mind as we get into a new program for the airport itself and the businesses located on the property doing everything we can to support all of them. Including our hotel our Plo and marketing department is thinking through all of that. As we get out of the covid communication and into any new expanding you know come to the airport. >> Wonderful all right. Thank I so much. I appreciate it. >> One other thing I will mention there is another hotel also on airport property which is the Hyatt place that opened in 2017. So, there is two hotels now on property so. >> Good point. It would be interesting to know. That would be a particularly interesting one to have

[10:20:19 AM]

occupancy numbers for so we can see how the Hilton is doing. >> Thank you share the numbers for the committee councilmember Fuentes would be interested as well numbers are you planning to share with councilmember tovo. Thank you. Do we have any other? I think maybe we can take the presentation do we have any questions? I will note mayor Adler joins us on the dais now. We will move onto item three the financial policies update. This is a conversation we started last meeting which is just a little bit over two weeks ago with two council

[10:21:23 AM]

meetings intervening there is some confusion over the follow up in the transcript. I'm pretty sure I was the one who said I would follow up with the stakeholders to connect folks to Austin waterer it's indicating in the transcript that was councilmember tovo. In any case, with two council meetings and the level of work we have in those meetings that conversation didn't happen what I propose is we still have that conversation which will still allow us to change things at budget time but that we can consider moving forward with this. Councilmember pool propose to one area, which we know are not going fly the other piece is for us to have the conversation to help the stakeholders understand you know why we need to make those add justments to

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the financial policy. I believe those are more about financial house than environmental pieces I think those conversations still need to happen I believe we could have a compromise here where readjust number eight under the financial policies for Austin water and potentially accept the other items with the provisio that one or other of the committee meeting members meet with Austin water and the stakeholders so that conversation can take place now that we had a shortened week and council with two intervening meetings does that work for Austin water as an approach? >> This is Joseph. Gonzales assistant director of financial services with Austin water. We were in touch with your office. >> Okay. >> Provided us with a list of stakeholders that you wanted us

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to reach out to. We did send out an invite to list of roughly, 8, 9 stakeholders we were only able to meet with Bobby la vin ski with saver springs he had indicated he had been in touch with several other folks on the list. And so we--he said he wasn't surprised, we didn't get much engagement from the other folks they reach out and look to him. On some of these types of things we did provide information about what we're trying to do both from financial policy financial metric financial policies and you know the

financial policy number eight with regard to the drinking water protection zone projects so he indicated reaching out to your office he

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may not have done that but my take on your position was he was comfortable. With the final policies with regard to the drinking water protection zone one. He did indicate. As the environmental board he was interested in seeing those projects come to the environmental board. So, we could however you would like to proceed I do have a recommendation on eight, we had initially proposed no longer going to the environmental board the resource management committee with the zoning and planning commission given Mr. Lavinski's interest in going to the environment board, we do engage regularly with the resource management commission, we would recommend still dropping the zoning and planning commission however, if

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you and the other committee members you know feel strongly about you know not reducing opportunities for public engagement, we would be fine as well with dropping the recommended changes for initial policy all together. >> Thank you I'm glad it's been a whirlwind the last few weeks I'm glad we moved that forward as well. Councilmember pool did you want to chime in you were going to make the amendment >> Yeah. I will make the motion to recommend the financial policies to the full council with one amendment in item eight to retain the environmental board in that list and then, um...there is additional time for some conversations with stakeholders and board members

[10:26:32 AM]

between now and the council. >> With you amenable to councilmember pool Mr. Gonzales if we keep that environmental board, we keep that as well. >> I missed that. Yes. That sounds good to me. >> Okay. So we have a motion on the table to recommend the financial policies with an amendment to item eight to add back in the environmental board and the resource management commission that would correct that in both paragraphs of that appropriately moving forward. Is there a second to that motion? Councilmember Kelly seconds that motion. Is there any discussion or question? Mr. Gonzales I will circle back with my staff. It's been crazy, and connect up on that piece and close the loop and let you know if we have any remaining concerns

[10:27:33 AM]

there. And I appreciate you taking the initiative and working with my staff to do that. I will point out for whomever is staffing audit and finance from the clerk's office I think the transcript is off and that comments I made were attributed to councilmember tovo. I don't know what the process is. I usually don't read through the whole transcript so I'm not sure how they happens. But it's probably some function of me being chair and calling on folks I do want to flag that something we want to watch out for to the extent possible. So, are there any questions for anyone involved with the financial policy changes Mrs. Lang is here as well. Seeing none. All those in favor? Okay unanimous as amended on the

[10:28:35 AM]

dais. Thank you very much >> Thank you. >> Okay. We are going to take up item four which is proposed amendments to the environmental commission bylaws. The clerks office want to present these? >> Sure. Committee member before I begin this is Merna. Which audit and finance transcript were you referring to? >> It is may 26th on page 27 the paragraph at 10:56 A.M. >> Okay. I will work with atx then. >> Thank you. >> Sure. Good morning committee members this is Merna veros with the clerks office with proposed changes to the environmental commission bylaws the proposed amendments are to edit article

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8a committees to remove the urban growth policy and water quality protection committee. Development air quality committee and the drainage structure and flood mitigation committee. This is to remove the committees no longer active on a quarterly basis and the commission is asking to hold working groups on these topics on an as-needed basis and the clerk's office concurs with the changes. If you have any questions? >> Thank you. Does anyone have any questions? We have a motion from councilmember pool to approve. Do we have a second? Mayor Adler seconds. Seeing no objections, that item will pass. Thank you. We are going to quickly identify items that will be

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discussed at future meetings. We will be taking up interviews so the coerce trustee positions, we believe have two of those available if you know anyone who wants to apply for those positions that application process is currently still open we are hoping to do those interviews in July. At some point in July or August, we are opening to have an update on the changes to the procurement policy, we are trying to mind B mindful of the budget staff who have to do budget so that timing will be worked out with them.

Councilmember Kelly had requested us to look at social service contracts and the ap. H. Exception and later purchasing guidance at prior meeting so trying to schedule that. We have audit on officer early

[10:31:39 AM]

warning systems and audit on recruiting and hiring Mrs. Stokes did you want to mention anything else?
>> No. >> Thank you. >> That was very comprehensive. >> I have good notes here now we're going to take up item five which will require us to move into executive session. So, I will now say that the committee will now go into closed session to take up one item. Pursuant to sections 551.076 and 551.08 of the government code. The committee will discuss security audit matters related to item five. Related to security management to the city. Is there any objection to going to executive session on the item announced? Hearing none the committee is going into executive session it is in expectation in all likelihood I will come out of the end of executive session and close out the committee meeting for

[10:32:40 AM]

anyone else. I do not believe at this point we will have any action from that if the committee changes it's mind we will come out and take a vote if necessary. Great. So, committee members if you can go into executive session. Let me know if you have any trouble with the links. Thank you. (Meeting in executive session)

[11:26:40 AM]

>> My name is chair. Alter the chair of the audit and finance committee. We are out of closed session, we took up and discussed security matters related to item five that concludes our work for today and at 11:26am I will adjourn this meeting. Thank you. (Meeting adjourned)